



JOSEPH R. BIDEN, III
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE
820 NORTH FRENCH STREET
WILMINGTON, DELAWARE 19801

CONTACT JASON MILLER
PUBLIC INFORMATION OFFICER
PHONE (302) 577-8949
CELL (302) 893-8939
Jason.Miller@state.de.us

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Biden, 48 State Attorneys General & Federal Government Move National Foreclosure Settlement Forward

*Filing of complaint and proposed settlement precedes anticipated court orders;
Biden's office secured \$45 million for Delaware*

Washington, DC – Attorney General Beau Biden, 48 state Attorneys General, and the United States Department of Justice moved today to implement the settlement they reached last month with five of the nation's largest banks following a year-long investigation of mortgage servicing practices. Today's action, which included the filing of a civil complaint and proposed court orders that formalize the terms of the settlement announced February 9, paves the way for implementation of the settlement after they are approved by a U.S. District Court judge. The mortgage banks bound by the settlement include Ally, Bank of America, Citi, JPMorgan Chase and Wells Fargo.

"This settlement provides real relief for Delawareans who have suffered as a result of the housing crisis," said Biden, whose office secured more than \$45 million for Delaware in the settlement. "In addition, it creates important new protections for our country's military men and women while not interfering with additional legal actions Delaware and other states are taking to hold banks accountable for their misconduct."

The joint state-federal investigation was initiated in October, 2010 amid widespread allegations of misconduct, including "robosigning" of foreclosure documents by mortgage servicing banks. As detailed in today's complaint, the investigation found that bank misconduct "resulted in the issuance of improper mortgages, premature and unauthorized foreclosures, violation of service members' and other homeowners' rights and protections, the use of false and deceptive affidavits and other documents, and the waste and abuse of taxpayer funds."

The \$45 million secured for Delaware by Biden's office under the settlement will be paid by banks to homeowners and the state in the following ways:

- More than \$32 million to current and former homeowners to reduce principal mortgage loans, extinguish second lien mortgage loans and waive deficiencies in short sales, and to provide refinancing to homeowners who are current on their mortgages but are otherwise unable to obtaining refinancing because they owe more than their homes are worth.
- Approximately \$2,000 in payments to individual Delaware homeowners who have been foreclosed upon. Homeowners will be eligible to receive this money without having to release the banks from any liability for wrongful foreclosure.
- Approximately \$10 million to Biden's office to fund homeowner assistance programs, educational outreach, support Delaware's new mortgage mediation program, and fund ongoing and new civil and criminal investigations and cases related to the foreclosure crisis.

In addition to securing payments for Delaware homeowners, Biden's office led the effort to include new protections for military personnel in the settlement. These provisions include:

- Protections for servicemembers who are deployed to a new base, but are unable to sell a home near their former post because they owe more on the mortgage than the home is worth. Before the settlement, banks would not consider a servicemember's orders to move to a new base as a "hardship" that would allow them to be eligible for relief programs. The settlement terms now require the settling banks to make such personnel eligible for alternatives to foreclosure, such as loan modifications and short sales.
- An expansion of the federal Servicemembers Civil Relief Act (SCRA), a set of legal protections for military personnel whose origins date back to the Civil War. Career military personnel will benefit from key foreclosure protections that were previously only available primarily to reservists or members of the National Guard. Now, a servicemember stationed in a hostile fire zone and facing foreclosure by one of the settling banks will receive the benefit of the SCRA's protections regardless of whether the mortgage loan was obtained before or after the beginning of the homeowner's active duty service.
- Payments, negotiated by the Civil Rights Division of the United States Department of Justice, of more than \$115,000 each to any wrongfully foreclosed upon servicemember.

The mortgage servicing settlement does not affect separate actions Biden's office is taking to investigate the mortgage crisis, including its lawsuit filed this past October against MERS, the private mortgage registry that is at the heart of the foreclosure crisis. In that suit, Biden alleges that MERS has raised serious questions about who owns what in America and has sowed confusion among homeowners, investors, and other stakeholders in the mortgage finance system, seriously damaging the integrity of the land records that are central to Delaware's real property system, and leading to improper foreclosure practices. In addition, Biden is continuing his intervention in the proposed \$8.5 billion settlement between the Bank of America and the Bank of New York Mellon to protect Delaware investors, an ongoing joint investigation with New York Attorney General into mortgage securitization practices, and he remains committed to sharing resources with other states to investigate possible misconduct.

Delawareans can obtain the latest information about the mortgage servicing settlement online at www.attorneygeneral.delaware.gov , www.NationalMortgageSettlement.com, and www.HUD.gov. Delaware homeowners can also call the Attorney General's Mortgage Hotline at 800-220-5424.

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